

75 Arlington St.  
Boston, MA 02116  
(617) 368-5000

**The Boston Beer Company, Inc.**

James Koch  
Brewer

April 30, 1996

Craig Stein  
Stein Distributing  
1701 Lincoln Ave.  
Vancouver, WA 98660

Dear Craig,

Per a recent request from Marc Goldman, District Manager, enclosed please find the following information:

- CONFIDENTIAL**
- a. TWO COPIES OF THE AGREEMENT OF WHOLESALER AND BREWER RIGHTS AND RESPONSIBILITIES
  - b. MAP OF THE STATE
  - c. WHOLESALER PROFILE SHEET.

Please take the following steps to expedite this information:

- Step 1: Read and sign page 15 of the Agreement.
- Step 2: Fill out **COMPLETELY** pages 16 & 17 of the Agreement.
- Step 3: Mark the area on the map that best describes your territory.
- Step 4: Complete the Wholesaler Profile Sheet. (This sheet contains the info we need to set you up in our system and begin deliveries.)
- Step 5: Return both Agreements, the map and the Wholesaler Sheet to my attention at:  
The Boston Beer Company  
75 Arlington Street, 5th Fl.  
Boston, MA 02116.

Upon receipt, both Agreements will be executed by Jim Koch. One copy will remain with Boston Beer Company and one copy will be sent back to you for your records. In addition, a Wholesaler's Manual, complete with information on ordering beer, POS, and other Company information, will be sent to you.

Congratulations on becoming Boston Beer Company's newest wholesaler of America's best beers. If you have any questions, please do not hesitate to contact me direct at 617-368-5145.

Sincerely,  
THE BOSTON BEER COMPANY

*Kristine K. McAndrew*

Kristine K. McAndrew  
Legal Assistant



**SAMUEL ADAMS**



DIST006494

TX299\_001

75 Arlington St.  
Boston, MA 02116  
(617) 368-5000

**The Boston Beer Company, Inc.**

James Koch  
Brewer

April 30, 1996

Craig Stein  
Stein Distributing  
1701 Lincoln Ave.  
Vancouver, WA 98660

Dear Craig,

Per a recent request from Marc Goldman, District Manager, enclosed please find the following information:

- a. TWO COPIES OF THE AGREEMENT OF WHOLESALER AND BREWER RIGHTS AND RESPONSIBILITIES
- b. MAP OF THE STATE
- c. WHOLESALER PROFILE SHEET.

Please take the following steps to expedite this information:

- Step 1: Read and sign page 15 of the Agreement.
- Step 2: Fill out **COMPLETELY** pages 16 & 17 of the Agreement.
- Step 3: Mark the area on the map that best describes your territory.
- Step 4: Complete the Wholesaler Profile Sheet. (This sheet contains the info we need to set you up in our system and begin deliveries.)
- Step 5: Return both Agreements, the map and the Wholesaler Sheet to my attention at:  
The Boston Beer Company  
75 Arlington Street, 5th Fl.  
Boston, MA 02116.

Upon receipt, both Agreements will be executed by Jim Koch. One copy will remain with Boston Beer Company and one copy will be sent back to you for your records. In addition, a Wholesaler's Manual, complete with information on ordering beer, POS, and other Company information, will be sent to you.

Congratulations on becoming Boston Beer Company's newest wholesaler of America's best beers. If you have any questions, please do not hesitate to contact me direct at 617-368-5145.

Sincerely,  
THE BOSTON BEER COMPANY

*Kristine K. McAndrew*

Kristine K. McAndrew  
Legal Assistant



**SAMUEL ADAMS**

DIST006495

TX299\_002



## BOSTON BEER CO. DISTRIBUTOR PROFILE SHEET

Date: 5-1-96

Boston Beer Co. Brewery Rep/Area Mgr: Marc Goldman

Distributor's Corporate Name: Stein Distributing Inc,

Distributor D/B/A: \_\_\_\_\_

Mailing Address :  
(NO P.O. Boxes)

1701 Lincoln Ave  
Vancouver WA 98660

Shipping Address:

7920 NE St. John Rd.  
Vancouver, WA 98666

Telephone Number:

(360) 693 8251

Fax Number:

(360) 694 3895

### Contact Names:

Owner: Craig Stein

General Manager: Dennis McAuliff

Brand Mgr. Dennis McAuliff

Order Contact: Tim Pomeroy

Depletions Contact: Gayle Zimmerman

### F.O.B. Pricing: BBC Price to Wholesaler

6 Pack 24/12	<u>14.55</u>	Draft 1/2 bbl	<u>62.50</u>
Loose 24/12	_____	22 oz. 12/22	<u>14.25</u>
12 Pack 2/12	_____	Triple Bock	_____

\*\*\*\*\*  
For Boston Beer Administration:

Sent to Jim Wackrow on: \_\_\_\_\_

Sent to Jane Powers on: \_\_\_\_\_

Type: \_\_\_ D.S. Distributor \_\_\_ I.S. Distributor\* \_\_\_ S.S. Distributor\*

\*Who is main distributor? \_\_\_\_\_

WDS # \_\_\_\_\_  
Filepro # \_\_\_\_\_  
POS # \_\_\_\_\_  
A.D.I. \_\_\_\_\_

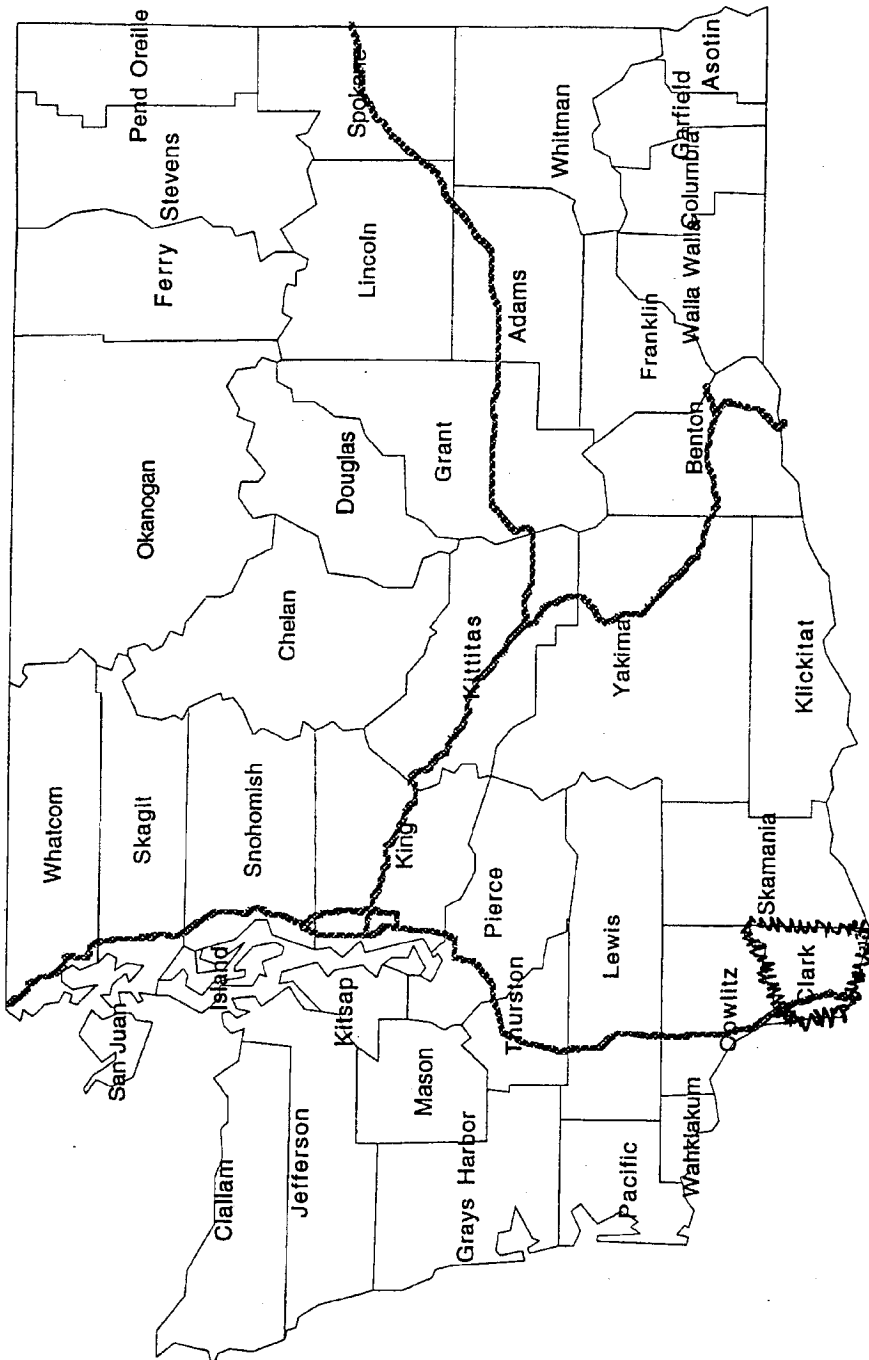
(circle one per R.M.)

Level: A B C D

P.O.S. Budget: \$ \_\_\_\_\_  
(Assigned by R.M.)

DIST006496

TX299\_003



State: WASHINGTON

Distributor: Stein Dist Inc



Please use this format when best describing  
your territory.



AGREEMENT OF WHOLESALER AND  
BREWER RIGHTS AND RESPONSIBILITIES

Commencing on the date on the signature page on which Boston Beer Company Limited Partnership, a Massachusetts Limited Partnership ("Boston Beer Company") executes this Agreement, Boston Beer Company agrees to sell and the undersigned Wholesaler ("Wholesaler") agrees to buy such malt beverage products as are listed on the Wholesaler Information Sheet, Exhibit 1 hereto (such malt beverage products being herein referred to as "Products"), pursuant to the terms and conditions set forth in this Agreement.

Boston Beer Company and Wholesaler recognize and agree that it is essential to their mutual objectives under this Agreement that Wholesaler at all times maintain the financial and competitive capabilities necessary to achieve efficient and effective distribution of Boston Beer Company Products in Wholesaler's sales area and to assure continued protection of the high quality and integrity of Boston Beer Company Products. Therefore, Boston Beer Company and Wholesaler specifically agree as follows:

I. TERRITORY

In order to:

- (i) enable Boston Beer Company and Wholesaler to compete more effectively with the products of other brewers in Wholesaler's sales area;
- (ii) assure that the quality and integrity of Boston Beer Company Products are constantly maintained, recognizing that such Products are perishable, that it is vitally important that over-age products not be permitted to reach consumers and that such Products must at all times be handled properly according to Boston Beer Company requirements;
- (iii) induce and enable Wholesaler to engage in marketing, advertising and promotional efforts in Wholesaler's sales area, provide full customer services, achieve maximum representation of all Boston Beer Company Products which are the subject of this agreement; and
- (iv) facilitate and enable compliance by Wholesaler with the Operating, Sales and Merchandising Standards referred to in paragraph 4;

- (a) Boston Beer Company hereby appoints Wholesaler as the wholesaler distributor of, and grants to Wholesaler the right to sell, the Products in the territory described in Wholesaler's Territory, Exhibit 2 ("Wholesaler's Territory"). Wholesaler hereby accepts said appointment and agrees that it will not sell Products directly or indirectly to customers located outside Wholesaler's Territory; provided, however, that Wholesaler may, subject to the approval of Boston Beer Company, sell Products to customers located in another wholesaler's territory if that wholesaler is unable for any reason to service its territory. Any breach of the provisions of the immediately preceding sentence shall give Boston Beer Company the right to terminate this Agreement immediately in accordance with the provisions of paragraphs 5 and 6 of this Agreement. Nothing contained herein shall prevent Wholesaler from selling Products to another duly authorized Boston Beer Company wholesaler for the purpose of eliminating Product shortages or inventory imbalances.
- (b) If any of the provisions of subparagraph (a) above are or shall be prohibited under lawful statute or regulation of any state, such provisions of subparagraph (a) shall not apply in such state and, in lieu thereof, the provisions of this subparagraph (b) shall apply. In such event, Boston Beer Company hereby appoints Wholesaler as the wholesale distributor of, and grants to Wholesaler the right to sell, the Products in the Wholesaler's Territory as Wholesaler's "Primary Market Area". Wholesaler hereby accepts said appointment and agrees to exercise its best efforts to promote, sell and service the Products in Wholesaler's Territory and further agrees that it shall be primarily responsible for servicing retail accounts in its Primary Market Area with the Product and that it shall concentrate its efforts in its Primary Market Area.

## 2. BOSTON BEER COMPANY OBLIGATIONS

To support Wholesaler's sales of Products, Boston Beer Company shall:

- (i) provide such point of sale material as Boston Beer Company shall, in its discretion, designate as appropriate to Wholesaler's market;

- (ii) provide Wholesaler with assistance in developing sales programs for Boston Beer Company Products in Wholesaler's Territory;
- (iii) use its reasonable efforts to provide Products to Wholesaler to fill Wholesaler's order, which must be submitted to Boston Beer Company in accordance with Ordering Standards which Boston Beer Company may, in its reasonable discretion, establish and in any event, at least thirty (30) days prior to the requested shipment date, subject to whatever limitations then exist on Boston Beer Company's production and delivery capacity, it being understood that Boston Beer Company will have no liability for any failure to supply the Product;
- (iv) use good faith efforts to ensure that all Product delivered to Wholesaler shall have remaining shelf life of at least ninety (90) days for bottles and thirty (30) days for draft;
- (v) with Wholesaler's cooperation, ensure to the extent reasonably possible that all Products sold and distributed hereunder shall be merchantable and shall meet all standards of quality imposed by Federal law and by the laws of the State in which each Product is to be distributed.

### 3. OWNERSHIP OF WHOLESALER

The ownership of Wholesaler is important because it is the owner or owners who have the right to establish basic policies and have the responsibility of providing financing, personnel, equipment and facilities for the effective operation of the business. Therefore, because of the participation of the owner(s) could also have a significant effect on the sale of Products and the Wholesaler's performance of its obligations under this Agreement, the parties agree as follows:

- (a) Unless Boston Beer Company has given its express prior written approval, this Agreement shall in the sole discretion of Boston Beer Company immediately terminate pursuant to the terms of Paragraph 6 whenever there is a change of ownership, sale, transfer or other disposition (irrespective of the period over which such change of ownership, sale, transfer or other disposition occurs,) which results in a change in the control of Wholesaler's business. Boston Beer Company shall not be deemed to have waived its rights under this paragraph if notice of termination is sent within ninety (90) days of receipt by Boston Beer Company of notice of such change in ownership, sale, transfer or other disposition (irrespective of the period over which such change



of ownership interests which in legal or practical effect, in the reasonable judgment of Boston Beer Company, has the power to determine the policies under which Wholesaler's business shall be operated and shall include, but not be limited to, any change of ownership, sale, transfer or other disposition of (i) twenty-five percent (25%) or more of Wholesaler's voting stock, if Wholesaler is a corporation; or (ii) a twenty-five percent (25%) or more interest in Wholesaler's business, if wholesaler is not incorporated; or (iii) twenty-five percent (25%) or more of the voting stock of any corporation which owns fifty-one percent (51%) or more of Wholesaler's voting stock, if Wholesaler is a corporation; or any change in (iv) the form of business entity being utilized by Wholesaler, e.g., a change from a sole proprietorship or partnership to a corporation.

4. OPERATING, SALES AND MERCHANDISING STANDARDS; DEFICIENCY TERMINATION

Boston Beer Company and its existing wholesaler have, since Boston Beer Company's inception, successfully used certain operating, sales and merchandising methods and observed certain standards which have been carefully developed to preserve the integrity and quality image of all of Boston Beer Company's products, including the Products, and to produce maximum sales for its wholesalers not only for the present but also for the future. Wholesaler acknowledges and agrees that the use and observance of these methods and standards is of the essence and that failure to use or observe one or more of these methods or standards could result in the deterioration of Wholesaler's market position even though its current sales may be good. (These methods and standards, referred to herein as the Operating, Sales and Merchandising Standards, are set forth in detail in Exhibit 3 attached to this Agreement and may be amended or updated from time to time as provided in the Standards.) Wholesaler agrees to adhere to the Operating, Sales and Merchandising Standards. The mere fact that a wholesaler's current sales record is favorable does not necessarily mean that its operation is without deficiencies; conversely, the mere fact that a wholesaler's current sales record is unfavorable does not necessarily mean that its operation is deficient. The philosophy of Boston Beer Company and Wholesaler shall be, in the first instance, to work together in a constructive way to eliminate the deficiencies in Wholesaler's operation. The parties recognize that it is mutually beneficial to eliminate any deficiencies in Wholesaler's operation. If, however, as determined in the sole discretion of Boston Beer Company, Wholesaler is not observing one or more of the Operating, Sales and Merchandising Standards in a manner and to the extent consistent with the type of market which is Wholesaler's territory, Boston Beer Company shall have the



right to terminate this Agreement immediately (which termination is herein referred to as a "Deficiency Termination"). A Deficiency Termination may, in the sole discretion of Boston Beer Company, apply to all or only part of Wholesaler's Territory. As reasonable compensation, Boston Beer Company agrees to pay and Wholesaler agrees to accept in full satisfaction of all claims resulting from such a Deficiency Termination an amount equal to \$15.00 per statistical barrel (\$1.0887 per case equivalent), up to a maximum of \$50,000, for the previous 12 month's sales volume in the portion of the Territory for which the Deficiency Termination applies.

##### 5. OTHER IMMEDIATE TERMINATION

Under certain extreme and serious situations, it is essential that Boston Beer Company shall have the right to terminate the brewer-wholesaler relationship immediately, because of certain conduct by or against the wholesaler. Notwithstanding any other provision in this Agreement, in addition to the events giving rise to a right of immediate termination specified in paragraphs 3 and 4 of this Agreement, if any of the following events occur, Boston Beer Company shall have the right, upon giving written notice to Wholesaler, which shall be effective upon receipt, to terminate this Agreement immediately (said termination being referred to herein as "Immediate Termination") without following any of the Deficiency Termination procedures and without paying any amount to Wholesaler upon such Immediate Termination other than that required to purchase Wholesaler's inventory of Products as provided in paragraph 6:

- (a) The assignment or attempted assignment by Wholesaler for the benefit of creditors, the institution of proceedings in bankruptcy by or against Wholesaler, the dissolution or liquidation of Wholesaler, the insolvency of Wholesaler or Wholesaler's failure to pay for Boston Beer Company Products in accordance with terms specified from time to time by Boston Beer Company in its sole discretion, the current terms being payment within thirty (30) days after shipment of Products;

- (b) Conviction of Wholesaler or of any owner, officer or director of Wholesaler of a felony which, in the reasonable judgment of Boston Beer Company, may adversely affect the goodwill or interests of Wholesaler or Boston Beer Company.
- (c) Fraudulent conduct of Wholesaler in any of its dealings with Boston Beer Company or Products;
- (d) Revocation or suspension of Wholesaler's federal basic permit or of any state or local license required of Wholesaler for the normal operation of its business; or
- (e) Violation by Wholesaler of the provisions of paragraph 1 hereof.

6. DISPOSITION OF CERTAIN TANGIBLE ASSETS OF WHOLESALER IN THE EVENT OF TERMINATION

In the event of any termination of the brewer-wholesaler relationship, whether by Wholesaler pursuant to paragraph 15 or by Boston Beer Company pursuant to paragraph 3, 4, 5 or 14, regardless of the reason for such termination, Boston Beer Company shall purchase and Wholesaler shall sell to Boston Beer Company its inventory of Products at laid-in cost, and Wholesaler shall return to Boston Beer Company all Boston Beer Company pallets, empties, cooperage and point of sale material then in Wholesaler's possession. (For purposes of this Agreement, "laid-in cost" shall mean the aggregate of (i) the amount paid by Wholesaler to Boston Beer Company for the Products, (ii) Wholesaler's cost of transporting the Products to Wholesaler's warehouse if paid separately by Wholesaler, (iii) the amount of any state and local taxes paid by Wholesaler in connection with the purchase of the products from Boston Beer Company, and (iv) a handling charge equal to fifty cents (\$0.50) per statistical case of packaged beer and ninety-five cents (\$0.95) per unit of draft beer)

7. OVER-AGE PRODUCT

Boston Beer Company and Wholesaler are vitally interested in the maintenance of the superior quality of the Product sold by Wholesaler. In no event, therefore, shall over-age Products (according to Quality Standards established from time to time by Boston Beer Company in its discretion) reach the consuming public. If any over-age Product is found in the possession of Wholesaler or in the possession of a retailer to whom Wholesaler sold such Product, Wholesaler shall immediately destroy such over-age Product in accordance with all applicable laws and regulations, and replace any such Product with had been sent in the possession of a

retailer with fresh Product at no cost to the retailer. Wholesaler's cost of destroying and replacing over-age Product shall be borne by Wholesaler or by Boston Beer Company, depending upon which party was responsible for over-age condition. The determination of the party responsible for the over-age condition shall be made by the Brewery Representative (or such other employee that Boston Beer Company may designate) of Boston Beer Company in whose region Wholesaler's Territory is located. Boston Beer Company will be responsible for over-age product if it arrived in Wholesaler's warehouse with less than ninety (90) days of shelf life for packaged beer and thirty (30) days for draft beer, if Wholesaler notifies Boston Beer Company in writing within forty-eight (48) hours of the arrival of the shipment at Wholesaler's warehouse.

8. TRADEMARKS OF BOSTON BEER COMPANY

Wholesaler is hereby granted a limited, nonassignable and nontransferable right to use Boston Beer Company's trademarks and trade names solely in distributing, advertising and promoting the sale of the Products, but only in accordance with policies regarding the use of its trademarks and trade names established from time to time by Boston Beer Company in its sole and absolute discretion. This limited right shall cease and terminate immediately upon termination of this Agreement.

Boston Beer Company trademarks and trade names shall, in all events however, remain the sole and exclusive property of Boston Beer Company. Boston Beer Company reserves all rights, including the right to license the use of its trade names, designs, brand names, labels and promotional slogans or trademarks on merchandise, goods, items or services, including but not limited to the Products sold and distributed hereunder.

It is specifically agreed that the Wholesaler, prior to leasing, selling or otherwise transferring to another or putting to a use other than that originally intended, any vehicles, warehouse facilities, equipment, office supplies or other property having had affixed, temporarily or permanently, trademarks or trade names of Boston Beer Company, shall remove, obliterate or eliminate said trademarks or trade names.

Wholesaler shall not manufacture or have manufactured any merchandise bearing the trademarks and trade names without the prior written approval of Boston Beer Company.

Wholesaler shall promptly notify Boston Beer Company of any infringement of Boston Beer's trademarks or trade names pertaining to the Products, or other merchandise that may come to Wholesaler's attention and assist Boston Beer Company in taking such action against said infringements as Boston Beer Company, in its sole discretion, may decide, all expenses and costs incident thereto being paid by Boston Beer Company.

9. ADDITIONAL AGREEMENTS AND REPRESENTATIONS OF WHOLESALER

(a) Wholesaler represents and warrants to Boston Beer Company as follows:

(i) The information set forth on the Wholesaler Information Sheet, Exhibit 1 hereto (which shall have been completed by Wholesaler at the time the Agreement is executed), is true, correct and complete and that Wholesaler agrees to notify Boston Beer Company within ten (10) days after any changes therein.

(ii) Unless otherwise agreed in writing between Wholesaler and Boston Beer Company, Wholesaler has not paid any fee or other monetary consideration to Boston Beer Company with respect to entering into this Agreement.

(b) The prices charged by Boston Beer Company to Wholesaler for the Products shall be established from time to time by Boston Beer Company in its discretion. Boston Beer Company shall have the right at any time to change prices and establish other terms of sale affecting the Products. Boston Beer Company may at any time from time to time apply, reapply or transfer any payment received from or credit due Wholesaler against the oldest items of account or indebtedness owed by Wholesaler to Boston Beer Company irrespective of any designation by Wholesaler.

10. RIGHTS RESERVED TO BOSTON BEER COMPANY

Except to the extent that the specific provisions of this Agreement expressly provide otherwise, Boston Beer Company reserves to itself the unqualified right to manage its business in all respects, including, but not limited to, the right to maintain or alter the formula, ingredients, labeling or packaging of all of its products, including the Product. Moreover, in the event that Boston Beer Company is restricted in the sale of Products by capacity limitations, governmental restrictions, strikes or any other cause beyond its control, Boston Beer Company shall not be compelled, during the period of time that such restriction(s) affect the production of Products, to honor all orders for Products placed by Wholesaler, but shall only be required to



distribute available Products among its wholesaler, including Wholesaler, on a fair and equitable basis.

11. DISCONTINUANCE OF A PRODUCT

Boston Beer Company shall have the right, at any time, to discontinue the sale of any of its Products, packages or containers on a national, regional, statewide, or media-coverage-area basis.

12. NEW PRODUCT OF BOSTON BEER COMPANY

This Agreement shall extend only to the Products listed on the Wholesaler Information Sheet, Exhibit 1 hereto, and Wholesaler shall have neither the right nor the obligation to market or distribute any other malt beverage or other product which Boston Beer Company may, at any time, decide to sell. At such time in the future as Boston Beer Company may decide to sell and Wholesaler may decide to buy any other malt beverage products produced by Boston Beer Company, such other products shall be entered on the Wholesaler Information Sheet upon the mutual agreement of the parties and such entries shall not constitute an amendment of this Agreement.

13. JOINT DEVELOPMENT OF MARKET PLANS

- (a) On not less than an annual basis at such time or times as may be specified by Boston Beer Company, Wholesaler will provide Boston Beer Company with both current and 5-year market plans which shall contain such information as Boston Beer Company may reasonably require; provided, however, that the information required by Boston Beer Company shall not include matters pertaining to the products of other brewers. Boston Beer Company will use its expertise in selling and promoting the Products to assist Wholesaler in developing or improving its market plans. Wholesaler agrees to discuss such financial and market plans with such representative(s) of Boston Beer Company as may be designated from time to time by Boston Beer Company for the region in which Wholesaler's Territory is situated.

- (b) Any data or plans so obtained or developed by Boston Beer Company or Wholesaler pursuant to subparagraph (a) above shall be kept in confidence by Boston Beer Company and by Wholesaler and its employees and shall not be disclosed to any other party without the prior written consent of the other party, unless such disclosure is compelled by a court or governmental agency and upon prior written notice to the other party.

#### 14. AMENDMENT OF AGREEMENT

Experience indicates that changing circumstances dictate the advisability of changes being made in this type of agreement from time to time to make it a more meaningful and useful document for both parties. Wholesaler acknowledges and agrees therefore that the Agreement may be amended at any time pursuant to the following procedure:

Boston Beer Company shall submit any proposed amendments to Wholesaler in writing. Wholesaler shall indicate its acceptance of all of the terms and conditions of any proposed amendment by either (i) returning two (2) executed copies to Boston Beer Company or (ii) continuing to order Product from Boston Beer Company at any time within fifty (50) days after the mailing date of the proposed amendment. If the two executed copies are returned, Boston Beer Company shall execute both copies and shall retain one executed copy of the amendment and shall return one executed copy to Wholesaler for its records. If an executed amendment shall not have been received by Boston Beer Company from Wholesaler within forty (40) days after the amendment was received by Wholesaler or Wholesaler has ordered no Product for fifty (50) days, this Agreement shall automatically terminate and both parties shall be relieved of any further liability or obligation under this Agreement, except as otherwise provided in paragraph 6. Upon such termination of this Agreement, the relationship between Wholesaler and Boston Beer Company shall thereafter be that of purchaser and seller, on an individual purchase order basis, terminable at will by either party.

15. WHOLESALER'S RIGHT TO TERMINATE

Wholesaler shall have the right to terminate this Agreement and its relationship with Boston Beer Company at any time upon giving Boston Beer Company thirty (30) days' prior written notice. If Wholesaler permanently ceases business operations, Wholesaler shall be considered to have terminated this Agreement, which termination shall be effective as of the date operations cease. In any such event, Wholesaler shall be entitled to no termination payment from Boston Beer Company, and Boston Beer Company's only obligation hereunder shall be to purchase Wholesaler's inventory of Boston Beer Company Products pursuant to the provisions of paragraph 6. Boston Beer Company shall not be obligated to purchase any other tangible assets.

16. COMPLIANCE WITH LAW

To the extent that the laws governing rights of distributors of alcoholic beverages adopted by the state in which Wholesaler primarily conducts its operations would restrict Boston Beer Company's ability to exercise any of its rights hereunder, including without limitation its rights to terminate this Agreement, such laws shall govern the exercise of such rights, superseding the applicable provisions of this Agreement. In all respects other than the exercise of rights under such laws, this Agreement is to be governed and construed according to the laws of the Commonwealth of Massachusetts and is to be considered a Massachusetts contract. The illegality or unenforceability of any provision of this Agreement, in whole or to any extent shall not operate to impair the legality or enforceability of any other provision of this Agreement or said provision except to such extent. The laws, rules and regulations of the Commonwealth of Massachusetts are hereby incorporated in this Agreement and made a party hereof to the extent that said laws, rules and regulations are required to be so incorporated and shall supersede any conflicting provision of this Agreement. If required by the laws of a state, Boston Beer Company and all Boston Beer Company Wholesalers in such state may enter into an amendment of this Agreement for the sole purpose of complying with such laws.

17. ASSIGNMENT OF AGREEMENT

The rights granted hereunder by Boston Beer Company to Wholesaler shall be personal, non-transferable and nonassignable without the prior written consent of Boston Beer Company. Wholesaler shall not assign this Agreement or any of the rights granted to or obligations imposed upon it by this Agreement, including by operation of law, to any other person or entity without the prior written consent of Boston Beer Company.

## 18. MISCELLANEOUS PROVISIONS

(a) In certain provisions of this Agreement the title of a Boston Beer Company employee is used to designate the person who has the responsibility of carrying out a provision of this Agreement or of making a determination on behalf of Boston Beer Company. The title of such person may from time to time be changed by Boston Beer Company, and in such event the parties agree that it shall not be necessary to amend this Agreement to reflect such new title and that this Agreement shall automatically be construed as incorporating the new title wherever appropriate.

(b) The great majority of Boston Beer Company wholesalers are incorporated, and the working of this Agreement reflects this fact. Where Wholesaler is a partnership or sole proprietorship the pronouns used in this Agreement and any other references to Wholesaler shall be construed in such manner as to make them applicable in all respects to a partnership or sole proprietorship, as the case may be.

(c) All notices required or permitted by the terms of this Agreement must be in writing, shall be effective when mailed (except as otherwise expressly provided herein) and shall be transmitted by United States First-Class registered or certified mail with return receipt requested, with postage, prepaid and addressed (i) if to Wholesaler, to Wholesaler's last known place of business as indicated on the Wholesaler Information Sheet, Exhibit 1 hereto, and (ii) if to Boston Beer Company, to Boston Beer Company, 30 Germania Street, Boston, MA 02130 or any subsequent mailing address designated in writing by Boston Beer Company.

(d) This Agreement, including all Exhibits to it, constitutes the entire agreement between the parties, and there are no other agreements or understandings, either written or oral, between the parties. This Agreement cancels and supersedes all previous agreements between Boston Beer Company and Wholesaler.

(e) In the event that any part of the Wholesaler's Territory, as described in Exhibit 2 has previously been assigned to another Boston Beer Company Wholesaler before the execution of this Agreement, then any assignment under this Agreement of that previously assigned territory will be void.



(f) Wholesaler acknowledges and agrees that any amount spent by Wholesaler in the performance of this Agreement, including but not limited to the establishment and maintenance of existing and/or additional sales, management, warehouse or administrative personnel; delivery vehicles and drivers; warehouse space; advertising and promotion costs; or any other expenditures or lost opportunities related to the performance of this Agreement, shall be spent or incurred with the knowledge that this Agreement may be terminated as herein provided, and Wholesaler shall not make any claim against Boston Beer Company nor shall Boston Beer Company be liable to Wholesaler with respect to Wholesaler's investment, nor for any amount spent or costs incurred as aforesaid in anticipation of the continuance of this Agreement.

Wholesaler acknowledges and agrees that Boston Beer Company's rights to terminate this Agreement, as provided in paragraphs 3, 4, and 14 are substantive contractual rights between the parties, which have been mutually agreed upon in good faith between the parties. In the event a law or regulation, generally known and referred to in the alcoholic beverage industry as a franchise law or regulation, now exists or in the future shall be adopted or be applicable in the state in which Wholesaler has its business, then the occurrence of a cause specified in paragraphs 3, 4, 5 or 14 shall constitute sufficient cause, good cause, reasonable cause, just cause or such other similar terminology within the meaning of said law or regulation or purpose of termination of this Agreement, and any relationship, duties or obligations imposed by law between the parties.

(g) The failure of either party to enforce at any time any provision and shall not affect the ability of such party to thereafter enforce each and every such provision.

(h) Distribution by the Wholesaler of any product or brand which is in such direct and immediate competition with one or more of the products as to, in the sole discretion and unilateral judgment of Boston Beer Company, reduce the ability of those Products to compete effectively with other alcoholic beverages in Wholesaler's Territory, shall be cause for Immediate Termination under Paragraph 5. Boston Beer Company shall not be deemed to have waived its rights to insist on Wholesaler's performance of this provision by failing to object to the Wholesaler's distribution of any product or brand either at the inception of this Agreement or any time thereafter. By this provision, it is not the intention of Boston Beer Company to create an exclusive outlet or to prevent the Wholesaler from selling competing products of other companies.

(i) Boston Beer Company and Wholesaler are independent contractors and are not and shall not be considered as joint ventures, partners, agents, servants, employees or fiduciaries of each other and neither shall have the power to bind or obligate the other, except as set forth in this Agreement.

(j) Upon termination of this Agreement, any sums due and owing by Wholesaler to Boston Beer Company shall be credited against any sums owed by Boston Beer Company to Wholesaler.

(k) In connection with this Agreement Boston Beer Company and Wholesaler may from time to time exchange proprietary data or confidential information. The parties agree to keep in confidence all such proprietary data or confidential information received in accordance with this Agreement. This provision shall survive the termination or expiration of this Agreement.

(l) If any provision, or portion thereof, of this Agreement is invalid or unenforceable under any applicable statute or rule of law, it is to that extent to be deemed omitted and the other provisions of this Agreement shall remain in full force and effect.

(m) All carriers utilized for delivery of any of the Products to Wholesaler, even in those instances where the carrier is selected and paid for by Boston Beer Company, shall be deemed the agents of Wholesaler and all risk of loss shall immediately pass upon delivery of the Products to carriers for shipment to Wholesaler. Boston Beer Company shall not be liable in any manner for loss or damage arising out of any delay or default in shipment or delivery.

(n) Wholesaler may designate sub-distributors in areas within the Territory which Wholesaler does not serve on a direct basis. Any sub-distributors must be approved in writing by Boston Beer Company and must acknowledge and agree in writing to be bound by all of the terms and conditions of this Agreement. Wholesaler agrees to terminate any sub-distributor upon written notification from Boston Beer Company to Wholesaler of that sub-distributor's unsatisfactory performance and to appoint an alternative sub-distributor selected in writing by Boston Beer Company.

DATED: 5-1-96

WHOLESALER:  
Stein Distributing Inc  
Name of Wholesaler  
By: Craig Stein  
Title President

BOSTON BEER COMPANY:  
BOSTON BEER COMPANY, LIMITED  
PARTNERSHIP

DATED: \_\_\_\_\_

By: \_\_\_\_\_  
Title

Exhibit 1  
WHOLESALE INFORMATION SHEET

Name of  
Wholesaler: Stein Distributing Inc.

Principal Place  
of Business: 1701 Lincoln Ave  
Vancouver, WA 98660

Wholesaler's Form of Business Entity:

a corporation S-Corp; a sole proprietorship \_\_\_\_\_;  
a partnership \_\_\_\_\_; other (specify) \_\_\_\_\_.

State of incorporation, if applicable, : Washington.

Name(s) and Percentage (%) Ownership of Owners:

Craig Stein 100%  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Nature of Ownership interest in WHOLESALER, e.g., Partner,  
Stockholder, etc.

Boston Beer Company PRODUCT AND PACKAGE SIZE Wholesaler is  
authorized to distribute:

PRODUCT/PACKAGE SIZE

All  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

PRODUCT/PACKAGE SIZE

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



Exhibit 2  
WHOLESALE'S TERRITORY  
(Be Specific)

Clark County, Washington

\*Territory should coincide with attached map.

Exhibit 3  
OPERATING, SALES AND MERCHANDISING STANDARDS

In accordance with the provisions of Section 4 of this Agreement, Wholesaler agrees to adhere to the following standards and acknowledges that failure so to adhere shall give Boston Beer Company the right to terminate the Agreement as a Deficiency Termination.

Wholesaler shall achieve the following:

1. Maximum reasonable distribution, display, promotion and sale of Boston Beer Company Products. Wholesaler will utilize the principles of a sales program which recognizes varying sales potentials of certain accounts and establishes a regular frequency of calls for all market segments.
2. Proper stock rotation in the warehouse, on trucks, and where legal, in retail accounts in conformity with Boston Beer Company standards with regard to each of its Products. All Products shall be first place in inventory in Wholesaler's warehouse and shall be sold to customers on an oldest-code-date-first basis.
3. Proper handling, storage, placement, installation and record keeping of point-of-sale materials provided by Boston Beer Company and the maintenance and replacement of such material.
4. Maintenance and prompt submission to Boston Beer Company of sales and inventory reports and such other records and financial data as from time to time may reasonably be requested by Boston Beer Company.
5. Adherence to such Quality Control Standards as Boston Beer Company may from time to time develop and communicate to Wholesaler in dealing with Boston Beer Company Products.
6. Maintenance of a sales/marketing force, sufficient in size to cover all necessary sales and marketing functions and to adequately service retail accounts within the Territory. Distribution for each of the Products at least equal to the distribution percentages obtained by a majority of other Boston Beer Company wholesalers in the surrounding geographical area and at least equal to the average of the five leading imported and microbrewery/specialty beers. Contribution to Boston Beer Company advertising that affects Wholesaler's market at least equal to the average of other wholesalers selling with the Wholesalers Area of Dominant Influence.

7. Use of Boston Beer Company point of sale material in accounts where such material can be used to promote Boston Beer Company Products.

8. Provision of Boston Beer Company with timely information to help support wholesaler, manage its own brewing and bottling schedule, and direct any sales support activities effectively in Wholesaler's market including for each Product:

- Beginning inventory, ending inventory, monthly shipments in and depletion's for each Product by the fifth day of the following month.
- Lists of accounts which do not carry the Boston Beer Company's Product but which carry imported beers (target accounts).
- Sales of products by account including current month this year and last year and sales year-to-date this year and last year.
- Orders of beer requirements before the fifth of the preceding month (e.g. before July 5 for shipment in August).

9. Reasonable opportunity for Boston Beer Company representatives to work with Wholesaler's sales and merchandising personnel.

10. Permit Boston Beer Company representatives at reasonable times to take monthly physical inventory of Products and Boston Beer Company point of sale materials.

11. Inventories of product adequate to meet demand, in the territory, in accordance with Boston Beer Company's stock rotation levels, and maintain prompt delivery service and sales call frequency to retail accounts in accordance with good business practice and customer requirements, such delivery service and sales call frequency to be as prompt, frequent and effective as that of Wholesaler's competitors, (i.e., the local wholesalers, other than Wholesaler, for the three largest breweries, currently Anheuser-Busch, Miller and Coors).



12. Wholesaler will adhere to the following standards for merchandising activities within accounts:

A. Off-Premise, Current Accounts

- Check freshness and rotation of beer.
- Suggest upgrade of position in cooler to eye level next to handle.
- Suggest upgrade of case position.
- Put up cooler sticker where cooler stickers allowed.
- Put up shelf strip to mark cooler position.
- Put up poster where wall space available.
- Suggest blackboard/whiteboard.
- Put up bullseye where allowed.
- Hang mobile.
- Ask for floor displays on a regular basis.
- Ask for window displays where available.
- Use any other point of sale material supplied by Boston Beer Company and permitted by the account.

B. Off-Premise, Non-Buying Accounts.

Those accounts which stock and sell imported or American craft-brewed beers should be presented with Products once every month. Other accounts should be presented once every two months.

C. On-Premise, Current Accounts

- Check freshness and rotation of beer.
- Suggest upgrade from bottles to draft and present cost comparison with imported beers.
- Suggest usage of plastic table tents and inserts in the beginning and at least once every six months thereafter.
- Suggest and provide point of sale materials which account uses, especially:
  - \*plastic table tents
  - \*blackboards, whiteboards
  - \*coasters
  - \*menu clips
  - \*paper table tents
  - \*buttons
  - \*umbrellas for visible locations - posters
  - \*Ask for beer of week/month where available
  - \*Use any other point of sale material supplied by Boston Beer Company and permitted by the account.



Every on-premise account should be presented with the plastic table tents and inserts in the beginning and at least once every six months thereafter. Changes in the inserts should be obtained to keep them current. Paper table tents should be put up at all accounts which allow their use and prefer them to plastic table tents.

#### D. On-Premise, Non-Buying Key Accounts

Only those accounts which carry and sell a significant percentage (over 5%) of their beer volume in imported and American craft-brewed beers are key accounts. At other accounts, Products should be presented once after the Product has been in the market for twelve months and once every six months thereafter. At non-buying key accounts. Products should be presented at least once every two months. Presentation should include a discussion of Samuel Adams with the decision-maker, presenting him or her directly with a bottle or draft knob and draft comparison sheet, a copy of the reprint articles and award reprint, and the full color folder and the plastic table tents. Other POS material should be discussed and presented (including whiteboards, blackboards, coasters, menu clips and buttons, etc.)

#### E. Legal Restrictions

Only those merchandising activities which are not prohibited by state, local, or federal law should be considered as part of Wholesaler's obligations under this Exhibit.

F. Wholesalers, sales representatives should be familiar with the key selling points of all Products, point of sale material activities and items, pricing and competitor pricing.

G. Wholesaler agrees that these Operating, Sales and Merchandising standards may be updated by Boston Beer Company, in its sole discretion, to reflect changes in Products, market conditions, competition, point-of-sale material available, Boston Beer Company expectations, trade practices and applicable law. Such updates will become a part of this agreement automatically without requiring additional wholesaler approval as specified in paragraph 14.